



Arkansas Insurance Department

Mike Huckabee, Governor

Mike Pickens, Commissioner

BULLETIN NO. 5-2002

April 8, 2002

TO: ALL LICENSED INSURERS, HEALTH MAINTENANCE ORGANIZATIONS (HMOS), HOSPITAL AND MEDICAL SERVICE CORPORATIONS, TRADE ASSOCIATIONS, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, AND OTHER INTERESTED PARTIES

FROM: ARKANSAS INSURANCE DEPARTMENT

SUBJECT: UPDATE TO DEPARMTENT BULLETIN 12-2001:
STATUTORY DEPOSIT FUNDS – PROCEDURES FOR RELEASE OF ASSETS

The Arkansas Insurance Department is sending you this Bulletin update to Bulletin 12-2001, dated December 1, 2001, as to implementation of 2001 Arkansas laws on statutory security deposits, under Ark. Code Ann. §§23-63-206. This Bulletin should help smooth the Department's release of currently pledged assets of insurers and others.

In §23-63-206, Subsection (a)(1)(A) exempted from deposit requirements all new foreign insurer applicants for first-time licenses. Subsection (a)(1)(B) added permission for already licensed foreign insurers to obtain release of Arkansas statutory deposits upon proof of home state deposits in amount sufficient to cover Arkansas policyholders and creditors. Deposit releases requested after 1-1-2002 will be processed through December 31, 2004, on a first come-first served basis. The Department's amended release procedures (changes underlined) are below:

FOREIGN INSURERS:

1. Request to release the former or excess deposit, including the 4% disability deposit, must be on company letterhead;
2. A current home state Certificate of Deposit form, certified and detailing information on the adequacy of the home state deposit and taken from (or updated from) information filed in the Company's most recent Annual Statement, must accompany the request. The Certificate must state that the deposit is held for the benefit of Arkansas policyholders and creditors of the company;
3. A check for \$75.00 per company payable to the State Insurance Department Trust Fund must accompany the request; and
4. A notarized affidavit from a company official, stating that the deposit posted in the Company's state of domicile is held for the benefit of all policyholders and creditors in states of licensure including Arkansas, should be included. The Department will then review the adequacy of the deposit under Ark. Code Ann. §23-63-206. File one (1) affidavit per company.

DOMESTIC INSURERS:

1. Request to release the excess 4% funds on deposit, required under prior law to be posted for annual disability (accident and health) premiums written in Arkansas over \$500,000, must be on company letterhead; and
2. A check for \$75.00 per company and payable to the State Insurance Department Trust Fund must accompany the request.

Requests may be mailed (**no electronic mail or faxes**) or delivered to this Department, Finance Division, to the address listed. No deposit will be considered for release until all fees owed from previous deposit transactions have been paid to the Securities Administrator in full. The releases will be processed on a first come, first served basis, evident from the document's "received date stamp", placed thereon by the Department.

Questions concerning this amended Bulletin should be directed to Ms. Malisa Landers, Securities Administrator, Finance Division, at (501) 371-2679; if busy, dial (501) 371-2665 or e-mail questions to malisa.landlers@mail.state.ar.us.

MIKE PICKENS
INSURANCE COMMISSIONER - STATE OF ARKANSAS